

Kerr Mines Closes Oversubscribed Private Placement; Increases and Extends Convertible Note Financing With Sprott Resource Lending

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TORONTO, Feb. 28, 2020 - [Kerr Mines Inc.](#) (TSX: KER, OTC: KERMF) (“Kerr” or the “Company”), announces the closing of its non-brokered private placement raising gross proceeds of \$3.21 million (the “Offering”). The Offering, previously announced on February 11, 2020 and targeting proceeds of \$2.5 million, was oversubscribed due to investor demand. Furthermore, Sprott Private Resource Lending LP has agreed to increase its current US\$1.5 million senior secured convertible note by US\$500,000 (Cdn\$670,000) (“the Note”).

Giulio T. Bonifacio, Chief Executive Officer stated: “The total proceeds from this financing inclusive of funding from Sprott Lending further endorses the Company’s short term objectives by allowing the Company to commence a targeted drilling program for purposes of resource expansion while also testing the exploration upside with defined follow up targets within the 50 square kilometre land position at Copperstone. Additionally the Company will further advance detailed engineering and project optimization for purposes of the re-start of commercial production at the Company’s high grade Copperstone gold project.”

Private Placement

The Company completed the Offering consisting of 22,913,486 units of the Company (the “Units”) at a price of CDN\$0.14 per Unit for total gross proceeds of CDN\$3.21 million. Each Unit consists of one common share of the Company (a “Common Share”) and one Common Share purchase warrant (a “Warrant”).

Each Warrant entitles the holder to purchase one Common Share at a price of CDN\$0.21 per Common Share until February 28, 2022 provided that if, at any time the Common Shares trade on a stock exchange at a volume weighted average trading price of CDN\$0.30, or greater, per Common Share for a period of 20 consecutive trading days, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof and in such case the Warrants will expire on the 30th day after the date on which such notice is given by the Company. All securities issued pursuant to the Offering shall be subject to a hold period of four months from the date of closing. In connection with the Offering the Company paid finders fees totalling \$63,410 to certain eligible persons. Senior Officers and directors subscribed for 8,107,430 Units under the Offering.

The Offering has been conditionally approved by the Toronto Stock Exchange (“TSX”) but remains subject to final approval from the TSX. The securities issued pursuant to the Offering are subject to a four month hold period in accordance with applicable securities laws.

The issuance and sale of 8,107,430 Units under the Offering to certain Senior Officers and directors of the Company constituted related party transactions within the meaning of Multilateral Instrument 61-101-*Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1) (a) of MI 61-101, as the fair market value of the participation in the Offering by each insider will not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Offering, which the Company deems reasonable in the circumstances so as to be able to avail itself of the proceeds of the Offering in an expeditious manner.

Sprott Convertible Note

The Note, including the US\$500,000 increase, forms part of the Sprott project financing facility for US\$25 million. The advance of the balance of the project financing facility remains subject to achieving defined project milestones. The Note bears interest at a rate of 9% per annum payable semi-annually. The maturity date of the Convertible Note will be extended to May 31, 2021. The Note is convertible into Common Shares

at any time prior to maturity at a conversion price of CDN\$0.16 per share. The Company can redeem the Note at any time by paying the outstanding principal amount in cash, or with the agreement of the holder, in Common Shares of the Company, together with interest payable to maturity.

In connection with the Note and extension, the Company will issue Sprott an additional 650,000 common share purchase warrants (the "Sprott Warrants"). Each Sprott Warrant will entitle the holder to purchase one Common Share at a price of CDN\$0.15 with an expiry date of November 28, 2023. The previously issued 1,000,000 common share purchase warrants will also be extended to an expiry date of November 28, 2023. The expiry of all common share purchase Warrants issued to Sprott can be accelerated at the Company's election if the trading price of the common shares is higher than 2.5 times the exercise price for 30 consecutive trading days

The increase in the principal amount of the Note and extension of its terms, the issuance of the Sprott Warrants and the extension of the previously issued warrants remains subject to the approval of the TSX.

Annual General and Special Meeting of Shareholders

On February 6th, 2020 the Company held its Annual General and Special Meeting of Shareholders (the "Meeting"). The shareholders voted in favour of all resolutions presented in its management information circular at the Meeting. A total of 88,836,884 common shares were voted at the Meeting, representing 30.91% of the votes attached to all outstanding common shares and the voting results were as follows:

Item 1: Appointment of Auditors

Kreston GTA LLP were appointed as the auditors of the Company and the directors were authorized to fix their remuneration by a show of hands.

Item 2: Election of Directors

On a vote by ballot, each of the seven nominees set forth in the Company's 2020 Management Information Circular were elected as a director of the Company. The results of the ballot were as follows:

Nominee	Votes For	% For	Votes Withheld	% Withheld
Fahad Al Tamimi	80,436,689	99.74%	207,555	0.26%
Claudio Ciavarella	80,436,907	99.74%	207,337	0.26%
Giulio T. Bonifacio	80,412,853	99.71%	231,391	0.29%
Martin Kostuik	80,426,573	99.73%	217,362	0.27%
Ayman Arekat	80,488,390	99.81%	155,854	0.19%
Peter Damouni	80,447,573	99.76%	196,671	0.24%
James McVicar	80,447,585	99.79%	166,659	0.21%

Item 3: Approval of Name Change

The resolution to approve an amendment to the Articles of the Company to effect a change of name was carried by a show of hands.

About Kerr Mines Inc.

Kerr Mines is an Emerging American Gold Producer advancing the re-start of production at its 100% owned, fully permitted past-producing Copperstone Mine project located in mining-friendly Arizona. The Copperstone project demonstrates significant upside exploration potential within a 50 Square Kilometre (12,260 acre) land package that includes past production of over 500,000 ounces of gold by way of an open pit operation. The Company's current focus is on maximizing Copperstone's potential by defining and expanding current resources and further optimizing mine's economics for purposes of the re-start of production.

For further information please visit the Kerr Mines website (www.kerrmines.com)

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Cautionary Note Regarding Forward Looking Statements

This news release contains forward-looking statements, including current expectations on future exploration plans and completion of the proposed Offering. These forward-looking statements entail various risks and uncertainties that could cause actual results to differ materially from those reflected in these forward-looking statements. Such statements are based on current expectations, are subject to a number of uncertainties and risks, and actual results may differ materially from those contained in such statements. These uncertainties and risks include, but are not limited to, the strength of the Canadian economy; the price of gold; operational, funding, and liquidity risks; reliance on third parties, the degree to which mineral resource and reserve estimates are reflective of actual mineral resources and reserves; and the degree to which factors which would make a mineral deposit commercially viable are present; the risks and hazards associated with underground operations. Risks and uncertainties about Kerr Mines's business are more fully discussed in the Company's disclosure materials, including its annual information form and MD&A, filed with the securities regulatory authorities in Canada and available at www.sedar.com and readers are urged to read these materials. Kerr Mines assumes no obligation to update any forward-looking statement or to update the reasons why actual results could differ from such statements unless required by law.

While management believes that the results of its project optimization efforts and proposed changes to the project design are likely to improve the overall economics of the Copperstone Project previously disclosed in the Copperstone PFS, there can be no certainty that the actual effects will be as stated. The Company has not completed a new economic study in accordance with applicable law to evaluate the effect of the proposed changes and, as such, readers should not place undue reliance on these statements as the actual results may be significantly less favourable than expected.

Neither TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release and no stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.

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